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State of Idaho

Legislative Services Office

Individual Entity Audit Report

A communication to the Joint Finance-Appropriations Committee

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SOUTHEASTERN DISTRICT HEALTH  
DEPARTMENT (VI)

FY 2010

Report OP95610  
Date Issued: March 15, 2011

*Serving Idaho's Citizen Legislature*



Idaho Legislative Services Office  
Legislative Audits Division

Don H. Berg, Manager

## SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)

### SUMMARY

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#### **PURPOSE OF AUDIT REPORT**

We have audited the financial statements of the Southeastern District Health Department (VI) for the fiscal year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America. The purpose of our audit is to determine whether the District's financial statements are materially accurate and reliable, and that it complied with laws and regulations affecting fiscal operations.

#### **CONCLUSION**

We conclude that the District's financial statements are materially accurate and reliable, and fiscal operations materially comply with related laws and regulations. As a result, we issued an unqualified opinion on the District's financial statements.

#### **FINDINGS AND RECOMMENDATIONS**

There are no findings and recommendations in this report or the prior report.

#### **AGENCY RESPONSE**

The District has reviewed the report and is in general agreement with its contents.

#### **OTHER INFORMATION**

We discussed other issues which, if changed, would improve internal control, compliance, and efficiency.

This report is intended solely for the information and use of the State of Idaho, Southeastern District Health Department (VI), and the District's Board of Health, and is not intended to be used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the director, Edward Marugg, and his staff.

#### **ASSIGNED STAFF**

Eugene Sparks, CPA, CGFM, Managing Auditor  
Patrick Aggers, CPA, CFE, In-Charge Auditor  
Jolene Crumley, Staff Auditor  
Maresa Blessinger, Staff Auditor

# TABLE OF CONTENTS

---

|   |   |
|---|---|
| Independent Auditor's Report – Unqualified Opinion on Basic Financial Statements..... | 1 |
|---|---|

## Basic Financial Statements

|  |   |
|--|---|
| Statement of Net Assets – Cash Basis .....   | 3 |
| Statement of Activities – Cash Basis.....  | 4 |
| Statement of Cash Basis Assets and Fund Balances.....  | 5 |
| Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Cash Basis Fund Balance..... | 6 |
| Notes to Financial Statements.....   | 7 |

## Required Supplementary Information

|   |    |
|---|----|
| Schedule of Cash Receipts and Disbursements – Budget to Actual..... | 13 |
| Note to Required Supplementary Information.....                     | 14 |

|   |    |
|---|----|
| Independent Auditor's Report on Internal Control over Financial Reporting and<br>on Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> ..... | 15 |
|---|----|

|  |    |
|--|----|
| Independent Auditor's Report on Compliance with Requirements Applicable to<br>Each Major Program and on Internal Control over Compliance in Accordance<br>with OMB <i>Circular A-133</i> ..... | 17 |
|--|----|

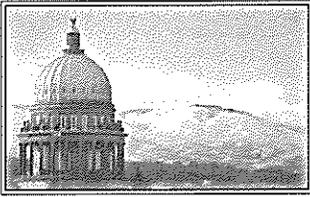
|   |    |
|---|----|
| Schedule of Expenditures of Federal Awards..... | 19 |
|---|----|

|   |    |
|---|----|
| Notes to Schedule of Expenditures of Federal Awards ..... | 22 |
|---|----|

|  |    |
|--|----|
| Schedule of Findings and Questioned Costs..... | 23 |
|--|----|

|                      |    |
|----------------------|----|
| Agency Response..... | 24 |
|----------------------|----|

|               |    |
|---------------|----|
| Appendix..... | 25 |
|---------------|----|



# Legislative Services Office

## Idaho State Legislature

*Serving Idaho's Citizen Legislature*

Jeff Youtz  
Director

March 15, 2011

Unqualified Opinion on  
Basic Financial Statements

### Independent Auditor's Report

Edward Marugg, Director  
Southeastern District Health Department (VI)  
1901 Alvin Ricken Drive  
Pocatello, ID 83204

Carolyn Meline, Chair  
District VI Board of Health  
655 South 10<sup>th</sup> Street  
Pocatello, ID 83201

Dear Mr. Marugg and Ms. Meline:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the Southeastern District Health Department (VI), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the District prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, major fund, and the remaining fund information of the District as of June 30, 2010, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 2.

As discussed in Notes 2 and 7, the District changed its financial statement presentation from the accrual basis of accounting to the cash basis of accounting in fiscal year 2010.

Mike Nugent, Manager  
Research & Legislation

Cathy Holland-Smith, Manager  
Budget & Policy Analysis 01

Don H. Berg, Manager  
Legislative Audits

Glenn Harris, Manager  
Information Technology

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2011, our consideration of the District's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered when assessing the results of our audit.

The District has not presented the Management Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information on page 13 is not a required part of the basic financial statements, but is supplementary information required to accompany those financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by OMB *Circular A-133*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sincerely,

A handwritten signature in black ink, appearing to read "Don H. Berg", with a long horizontal flourish extending to the right.

Don H. Berg, CGFM, Manager  
Legislative Audits Division

STATE OF IDAHO  
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)  
STATEMENT OF NET ASSETS - CASH BASIS  
AS OF JUNE 30, 2010

|                           | <u>Governmental<br/>Activities</u> |
|---------------------------|------------------------------------|
| ASSETS                    |                                    |
| Cash and Cash Equivalents | <u>\$2,437,999</u>                 |
| Total Assets              | <u>\$2,437,999</u>                 |
|                           |                                    |
| NET ASSETS                |                                    |
| Unrestricted              | <u>\$2,437,999</u>                 |
| Total Net Assets          | <u><u>\$2,437,999</u></u>          |

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO  
 SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)  
 STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2010

|                                     | Cash<br>Disbursements | PROGRAM REVENUE         |  | Net (Disbursements)<br>Receipts and<br>Changes in<br>Net Assets |
|-------------------------------------|-----------------------|-------------------------|--|---|
|                                     |                       | Charges<br>for Services | Operating<br>Grants and<br>Contributions |   |
| <u>PROGRAMS</u>                     |                       |                         |  |   |
| Governmental Activities:            |                       |                         |  |   |
| Administration                      | \$1,529,880           | \$21,374                | \$0                                      | (\$1,508,506)   |
| Family and Community Health         | 2,797,468             | 563,763                 | 1,649,353                                | (584,352)   |
| Environmental Health                | 735,365               | 274,024                 | 131,801                                  | (329,540)   |
| Health Promotion                    | 1,764,506             | 44,233                  | 1,661,528                                | (58,745)  |
| Total Governmental Activities       | <u>\$6,827,219</u>    | <u>\$903,394</u>        | <u>\$3,442,682</u>                       | <u>(\$2,481,143)</u>  |
|                                     |                       |                         |  |   |
| General Receipts:                   |                       |                         |  |   |
| State receipts                      |                       |                         |  | \$1,104,900   |
| Investment income                   |                       |                         |  | 42,141  |
| County receipts                     |                       |                         |  | 1,010,285   |
| Total General Receipts              |                       |                         |  | <u>\$2,157,326</u>  |
| Change in Net Assets                |                       |                         |  | (\$323,817)   |
| Beginning Net Assets, (as restated) |                       |                         |  | <u>2,761,816</u>  |
| Ending Net Assets                   |                       |                         |  | <u>\$2,437,999</u>  |

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO  
 SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)  
 STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
 GOVERNMENTAL FUND  
AS OF JUNE 30, 2010

|                                 | Special<br>Revenue<br>Fund  |
|---------------------------------|-----------------------------|
|                                 | <u>                    </u> |
| <u>ASSETS</u>                   |                             |
| Cash and Cash Equivalents       | \$2,437,999                 |
| Total Assets                    | <u>\$2,437,999</u>          |
| <br>                            |                             |
| <u>FUND BALANCES</u>            |                             |
| Unreserved Special Revenue Fund | \$2,437,999                 |
| Total Fund Balance              | <u><u>\$2,437,999</u></u>   |

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO  
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BASIS  
FUND BALANCE - GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010

|  | Special Revenue<br>Fund<br>0290 | Millennium<br>Fund<br>0499 | Total<br>Governmental<br>Funds |
|--|---------------------------------|----------------------------|--------------------------------|
| RECEIPTS   |                                 |                            |                                |
| Health and Professional Services   | \$1,031,826                     | \$0                        | \$1,031,826                    |
| Interest on Investments  | 42,141                          | 0                          | 42,141                         |
| Federal Grants   | 3,177,203                       | 0                          | 3,177,203                      |
| State Grants   | 102,947                         | 34,100                     | 137,047                        |
| City/County Grants   | 1,010,285                       | 0                          | 1,010,285                      |
| State Appropriation  | 1,104,900                       | 0                          | 1,104,900                      |
| Total Receipts   | <u>\$6,469,302</u>              | <u>\$34,100</u>            | <u>\$6,503,402</u>             |
| DISBURSEMENTS  |                                 |                            |                                |
| Administration   | \$1,529,880                     | \$0                        | \$1,529,880                    |
| Family and Community Health  | 2,797,468                       | 0                          | 2,797,468                      |
| Environmental Health   | 735,365                         | 0                          | 735,365                        |
| Health Promotion   | 1,730,406                       | 34,100                     | 1,764,506                      |
| Total Disbursements  | <u>\$6,793,119</u>              | <u>\$34,100</u>            | <u>\$6,827,219</u>             |
| Excess (Deficiency) of Receipts<br>Over Disbursements - Net Change in Fund Balance | (\$323,817)                     | \$0                        | (\$323,817)                    |
| Beginning Cash Basis Fund Balance, (as restated)                                   | <u>\$2,761,816</u>              | <u>\$0</u>                 | <u>\$2,761,816</u>             |
| Ending Cash Basis Fund Balance   | <u><u>\$2,437,999</u></u>       | <u><u>\$0</u></u>          | <u><u>\$2,437,999</u></u>      |

The accompanying notes are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

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## **NOTE 1 – REPORTING ENTITY**

In determining how to define the Southeastern District Health Department (VI) for financial reporting purposes, management has considered all potential component units in accordance with GASB *Statement 14*. The legislature created seven health districts throughout the State in 1970. In 1976, the legislature expressed specific intent that the districts were not to be considered State agencies, but were to be recognized as authorized governmental entities. Although the districts are not State agencies, all districts have opted to process their financial transactions through the State accounting system. The District is governed by an eight-member Board of Health with representation from each county in the District (Bannock, Bear Lake, Bingham, Butte, Caribou, Franklin, Oneida, and Power). The acting county commissioners for each county appoint one member.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Beginning in fiscal year 2010, the District elected to change its financial statement presentation from the accrual basis of accounting to the cash basis, or an *Other Comprehensive Basis of Accounting*, (OCBOA). The cash basis of accounting, while an acceptable basis of accounting under *Statements on Auditing Standards 62*, differs from Generally Accepted Accounting Principles (GAAP) widely recognized in the United States. Governmental Accounting Standards Board (GASB) pronouncements have been applied to the extent applicable to the cash basis of accounting (see Note 7 – Change in Accounting Principle.)

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements (Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis) report information on all activities of the District. These activities are financed through General Fund appropriations, county contributions, federal grants, and program receipts.

The Statement of Net Assets – Cash Basis, presents the District's cash and cash equivalent balances of the governmental activities at year end. The Statement of Activities – Cash Basis demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable within a specific function. Program receipts include fees and charges paid by recipients of goods or services offered by the program. Appropriations, contributions, interest income, and other items not meeting the definition of program receipts are reported as general receipts. Immaterial differences in the statements are due to rounding.

The government-wide Statement of Activities – Cash Basis is segregated by activity and then by function. Additionally, receipts are classified as program or general receipts. Program receipts are recognized when cash is received and include receipts for services provided, grants, and contributions. General receipts include General Fund appropriation, county contributions, and interest received.

## **FUND FINANCIAL STATEMENTS**

The District accounts for certain functions or activities in separate funds in order to assist with financial reporting and to comply with legislative requirements. Fund financial statements are prepared on a cash basis with a focus on major funds. Each major fund is presented in its own column. Non-major funds are presented in a separate, aggregated column.

Functions of the District are financed through governmental funds. The District has one major governmental fund. The Special Revenue Fund accounts for all financial resources of the District, except those required to be accounted for in the Millennium Fund.

In the governmental fund financial statements, receipts are reported by source, and disbursements are reported by functions.

#### **BASIS OF ACCOUNTING**

The cash basis of accounting is applied in preparing the District's financial statements. Receipts are recorded in the general ledger, and reported in the financial statements when cash is received rather than when revenue is earned. Disbursements are recorded in the general ledger, and reported in the financial statements when cash is paid rather than when a liability is incurred.

Some assets and related revenues, along with some liabilities and related expenses, are not recorded in these financial statements. The cash basis of accounting precludes the inclusion of certain accounts and related revenue and expense items in the financial statements. Items not included are accounts receivable, accounts payable, revenue earned not collected, expenses accrued for goods and services not paid, and accrued liabilities and related expenses. This information is not recorded in the presentation of these financial statements.

#### **ASSETS, LIABILITIES, AND NET ASSETS**

##### Cash and Cash Equivalents

The State Treasurer is the custodian of the District's cash and cash equivalents. The District's primary governmental fund cash and cash equivalents are considered to be cash on hand and are on deposit with the State Treasurer's Office. Cash equivalents are reported at book value. Additional disclosure is identified in Note 3.

##### Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

##### Compensated Absences

The District, as a separate political subdivision, has elected to follow State rules on compensated absences. Upon termination, accrued leave balances such as vacation and overtime are paid as cash payments to employees. Consistent with cash basis accounting, compensated absences earned are not reflected as a liability in the accompanying financial statements.

##### Pension Plan

The District participates in a pension plan, further described in Note 4. The District recognizes the employer contribution to the plan when paid. Note 4 further details employer/employee contributions and benefits of the plan.

#### **NOTE 3 – CASH AND CASH EQUIVALENTS**

The District participates in the State Treasurer's internal and external investment pools. The IDLE fund is an internal investment pool managed by the State Treasurer's Office on behalf of participants. Money not needed to meet immediate operating obligations is invested in accordance with Idaho Code, Sections 67-1210 and 67-1210A. Participation in the pool is mandatory.

The District participates in the Local Government Investment Pool (LGIP) and the Diversified Bond Fund, (DBF), both of which are external investment pools sponsored by the State Treasurer's Office. In order to earn a higher yield, Idaho governmental entities may voluntarily deposit moneys not needed to meet immediate operating obligations in these pools.

The LGIP is a short-term investment pool. Participants have overnight availability to their funds, up to \$10 million. Withdrawals of more than \$10 million require three business days' notification. The LGIP distributes earnings monthly to the participants based on their average daily balance as a percentage of the total pool. Idaho Code restricts the State Treasurer to certain types of investments.

The DBF was created by the State Treasurer for agencies to invest longer term and earn potentially greater returns. Withdrawals of \$10 million or less generally require five business days' notification prior to the last day of the month. Withdrawals of more than \$10 million require 25 business days' notification prior to the last day of the month. The DBF distributes earnings monthly to the participants based on their average daily balance as a percentage of the total pool.

The pools disclose certain risks that may be associated with their deposits and investments. Disclosures are made under each individual pool for the following required risk disclosures:

- A. *Interest rate risk* occurs when investments are fixed for longer periods. The weighted average maturity is 69 days, and 3.5 years for the LGIP and DBF, respectively.
- B. *Concentration of credit risk* results when investments are concentrated in one issuer and represents heightened risk of potential loss.
- C. *Credit risk associated with investments* is the risk that an issuer of debt securities or another counterparty to an investment transaction will not fulfill its obligation.
- D. *Custodial credit risk* is the risk that in the event of financial institution failure, the District's deposits may not be returned. Some of the District's funds may be exposed to custodial credit risk as some funds invested in the IDLE Pool may not be covered by FDIC insurance.

The District has no formal investment policies to mitigate credit risk, interest rate risk, or custodial credit risk.

During 2010, the State Treasurer elected to drop the ratings service for the external investment pools and the funds are unrated.

The following schedule represents the District's investments at book value in the external investment pool at June 30, 2010:

| <u>Investments at Book Value</u> | <u>June 30, 2010</u> |
|----------------------------------|----------------------|
| Local Government Investment Pool | \$1,140,041          |
| Diversified Bond Fund            | <u>1,162,521</u>     |
| Total                            | <u>\$2,302,562</u>   |

Additional information, including the investment pools' financial statements, is provided in the statewide *Comprehensive Annual Financial Report (CAFR)*, which is available from the Office of the State Controller or on their website.

#### **NOTE 4 – PENSION PLAN**

The Public Employee Retirement System of Idaho (PERSI) was created by the Idaho State Legislature and administers the PERSI Base Plan and the defined contribution retirement plans. The PERSI Base Plan is a cost sharing, multiple-employer defined benefit retirement plan requiring that both the member and the employer contribute. Participation is mandatory for State employees who normally work 20 or more hours a week for five or more consecutive months. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. The legislation provides for other political subdivisions to participate by contractual agreement with PERSI.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand-alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website: [www.persi.idaho.gov](http://www.persi.idaho.gov)

The actuarially-determined contribution requirements of the District and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2010, the required contribution rate as a percentage of covered payroll was 6.23% for general members. The employer rate as a percentage of covered payroll was 10.39% for general members. For the years ended June 30, 2008, 2009, and 2010, District contributions required and paid were \$375,376, \$340,696, and \$344,310, respectively.

The PERSI Choice Plan is a defined contribution retirement plan. The defined contribution plan includes the 401(k) and the 414(k). Statutes governing the PERSI Choice Plan are found in Idaho Code, Title 59, Chapter 13. The 414(k) plan was established for gain-sharing allocations from the PERSI Base Plan. The gain-sharing amount (if any) is based on funding levels in the PERSI Base Plan.

The 401(k) plan is open to all active PERSI Base Plan members. Eligibility for the 414(k) gain sharing requires 12 months of active PERSI membership, as defined in Idaho statutes and PERSI rules. The assets of the 401(k) and the 414(k) are commingled for investment and record keeping purposes. The other significant accounting policies are the same as the PERSI Base Plan.

Participants in the 401(k) plan can make tax-deferred contributions up to 100% of their gross salary, less deductions and subject to the IRS annual contribution limit. Participants direct their own investment mix without restriction and may elect to change their deferral every pay period. For the audit period no voluntary employer matching contributions have been made.

#### **NOTE 5 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The State funds, or partially funds, post employment benefits relating to health, disability, and life insurance. Idaho Code, Sections 67-5760 to 67-5767 and 72-1335, establishes the benefits and contribution obligations. The District participates in the State of Idaho's post-employment benefit programs. The State administers the retiree health care plan, which allows retirees to purchase health care insurance coverage for themselves and eligible dependents. Effective July 1, 2009,

legislative changes to the Retiree Health Care Plan regarding eligibility stipulate that an officer or employee must be an active employee on or before June 30, 2009, and retire directly from State service. The maximum benefit is \$1,860 per retiree per year. Beginning January 1, 2010, coverage was not available to Medicare-eligible retirees or their Medicare-eligible dependents. These changes have significantly reduced the liability.

The State provides long-term disability income benefits for active employees who become disabled, generally up to a maximum age of 70. The District pays 100% of the premium costs, and the contribution rate for the period was 0.324% of payroll in fiscal year 2010.

The State provides basic life and dependent life coverage for disabled employees, generally up to a maximum age of 70. The District pays 100% of the cost of the premiums.

For up to 30 months following the date of disability, an employee is entitled to continue health care coverage under the State plan. The District pays 100% of the District's share of medical and dental premiums while the employee remains disabled. The employee is required to pay the normal active employee contribution for the plan and rate category in which the employee is enrolled. The District's contribution for the period was \$7.61 per active employee per month in fiscal year 2010.

The State is reporting the liability for the retiree health care and long-term disability benefits. The District made no contributions towards the liability during fiscal year 2010. Specific details of these OPEB are available in the statewide CAFR, which may be obtained from the Office of the State Controller or on their website.

#### **NOTE 6 – OPERATING LEASES**

Operating leases are leases for which the District will not gain title to the asset. They contain various renewal options, as well as some purchase options. Operating lease payments are recorded when paid or incurred. The District's operating leases are for copiers and postage machines. Total operating lease disbursements for fiscal year 2010 was \$30,266.

The District has future minimum lease commitments for non-cancelable operating leases which under the cash basis of accounting are recognized when paid.

#### **NOTE 7 – CHANGE IN ACCOUNTING PRINCIPLE**

The closed beginning trial balance was restated at July 1, 2009, to reflect a change in accounting principle. The District elected to present the financial statements on a cash basis beginning with the fiscal year ended June 30, 2010. Formerly, the District presented full and modified accrual statements in accordance with GAAP. Management of the District has elected the cash basis of accounting requiring restatement of certain beginning balances of accounts listed in the financial statements. The following changes were made to implement cash basis accounting:

##### Government-wide Statements

Total assets were restated by \$5,374,238, and total liabilities were restated by \$628,448. The net effect of these restatements on the closed beginning balance of net assets for 2009 was to decrease net assets by \$4,745,790, from \$7,507,606 to \$2,761,816.

##### Fund Financial Statements

Total assets were restated by \$672,909, and total liabilities were restated by \$511,717. The net effect of these restatements on the closed beginning fund balance for 2009 was to decrease the fund balance by \$161,192, from \$2,923,008 to \$2,761,816.

**NOTE 8 – RISK MANAGEMENT**

The District is exposed to various risks of property and casualty losses and injuries to employees. Accordingly, the District belongs to the State of Idaho Risk Management and Group Insurance internal service funds, available to all State entities. Risk Management provides property and general liability risk coverage for its members. General liability claims are self-insured up to the Idaho Tort Claims Act maximum of \$500,000 for each occurrence; property damage claims up to \$250,000 per occurrence annually; and physical damage to covered vehicles at actual cash value.

The Health District also participates in the Idaho State Insurance Fund which purchases commercial insurance for claims not self-insured by the above coverage and for other identified risks of loss, including workers' compensation insurance. Details of the Risk Management and Group Insurance coverage can be found in the CAFR.

**NOTE 9 – SUBSEQUENT EVENTS**

The District's director, Edward Marugg, submitted his resignation to the Board of Health on January 27, 2011. His last working day will be April 29, 2011. The District's Board of Health chose Maggie Mann to become the District's next director.

## REQUIRED SUPPLEMENTARY INFORMATION

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STATE OF IDAHO  
 SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)  
 SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - BUDGET TO ACTUAL  
 GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010

|                | Budgeted Amounts   |                    | Actual Amounts     | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|----------------|--------------------|--------------------|--------------------|---|
|                | Original           | Final              |                    |   |
| RECEIPTS       |                    |                    |                    |   |
| State          | \$1,195,200        | \$1,104,900        | \$1,104,900        | \$0   |
| County         | 1,010,282          | 1,010,282          | 1,010,285          | 3   |
| Contracts      | 2,672,032          | 3,816,298          | 3,442,682          | (373,616)   |
| Fees           | 952,871            | 868,246            | 903,394            | 35,148  |
| Interest       | 20,000             | 20,000             | 42,141             | 22,141  |
| Reserve        | 68,521             | 383,684            | 0                  | (383,684)   |
| Total Receipts | <u>\$5,918,906</u> | <u>\$7,203,410</u> | <u>\$6,503,402</u> | <u>(\$700,008)</u>                                      |

|                     | Budgeted Amounts   |                    | Actual Amounts     | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|---------------------|--------------------|--------------------|--------------------|---|
|                     | Original           | Final              |                    |   |
| DISBURSEMENTS       |                    |                    |                    |   |
| Personnel Costs     | \$4,788,236        | \$4,788,236        | \$4,818,448        | \$30,212  |
| Operating           | 1,044,529          | 1,537,807          | 1,269,774          | (268,033)   |
| Capital Outlay      | 86,141             | 445,587            | 307,227            | (138,360)   |
| Trustee Benefits    | 0                  | 431,780            | 431,770            | (10)  |
| Total Disbursements | <u>\$5,918,906</u> | <u>\$7,203,410</u> | <u>\$6,827,219</u> | <u>(\$376,191)</u>                                      |

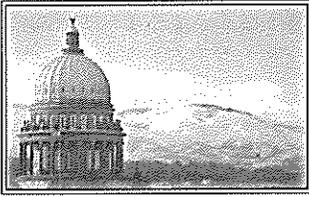
The accompanying notes are an integral part of this financial schedule.

# NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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## **NOTE 1. BUDGET COMMITTEE**

The chairmen of the boards of county commissioners located within the District serve as the Budget Committee for the District. The District's Board submits the budget to the Budget Committee. The budget is prepared on a cash basis. The budget for the District is approved by a majority of the Budget Committee. Any adjustments to the budget are approved by the Board of Health.



# Legislative Services Office

## Idaho State Legislature

*Serving Idaho's Citizen Legislature*

**Jeff Youtz**  
Director

March 15, 2011

Independent Auditor's Report on Internal Control over  
Reporting and on Compliance and Other Matters Based  
on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

Edward Marugg, Director  
Southeastern District Health Department (VI)  
1901 Alvin Ricken Drive  
Pocatello, ID 83204

Carolyn Meline, Chair  
District VI Board of Health  
655 South 10<sup>th</sup> Street  
Pocatello, ID 83201

Dear Mr. Marugg and Ms. Meline:

We have audited the financial statements of the governmental activities, major fund, and the remaining fund information of the Southeastern District Health Department (VI) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

**Mike Nugent, Manager**  
Research & Legislation

**Cathy Holland-Smith, Manager** 15  
Budget & Policy Analysis

**Don H. Berg, Manager**  
Legislative Audits

**Glenn Harris, Manager**  
Information Technology

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

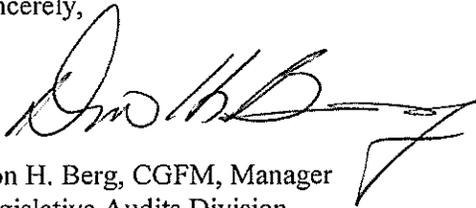
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

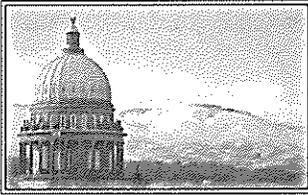
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the State of Idaho, the Southeastern District Health Department (VI), and the District VI Board of Health and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Don H. Berg", with a long horizontal flourish extending to the right.

Don H. Berg, CGFM, Manager  
Legislative Audits Division



# Legislative Services Office

## Idaho State Legislature

*Serving Idaho's Citizen Legislature*

Jeff Youtz  
Director

March 15, 2011

Independent Auditor's Report on Compliance with  
Requirements Applicable to Each Major Program  
and on Internal Control Over Compliance in  
Accordance With OMB Circular A-133

Edward Marugg, Director  
Southeastern District Health Department (VI)  
1901 Alvin Ricken Drive  
Pocatello, ID 83204

Carolyn Meline, Chair  
District VI Board of Health  
655 South 10<sup>th</sup> Street  
Pocatello, ID 83201

Dear Mr. Marugg and Ms. Meline:

### Compliance

We have audited the compliance of the Southeastern District Health Department (VI) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB *Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements, and performing such other procedures that we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Mike Nugent, Manager  
Research & Legislation

Cathy Holland-Smith, Manager  
Budget & Policy Analysis 17

Don H. Berg, Manager  
Legislative Audits

Glenn Harris, Manager  
Information Technology

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct, material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on the internal control over compliance in accordance with OMB *Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Idaho Legislature, the management of the Southeastern District Health Department (VI), and the federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



Don H. Berg, CGFM, Manager  
Legislative Audits Division

STATE OF IDAHO  
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| Federal Grantor / Program Title                               | Federal CFDA | Contract Number | Pass-Through Entity* | Contract Period  | Contract Amount | Federal Expenditures FY 2010 |
|---|--------------|-----------------|----------------------|------------------|-----------------|------------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                         |              |                 |                      |                  |                 |                              |
| WIC Administration  | 10.557       | HC626500        | 1                    | 10/1/08-9/30/09  | \$1,100,556     | \$218,122                    |
| WIC Administration  | 10.557       | HC658900        | 1                    | 10/1/09-9/30/10  | 1,175,278       | 846,477                      |
| WIC Food Vouchers Redeemed                                    | 10.557       | none            | 1                    | none             | n/a             | 3,434,843                    |
| Total CFDA 10.557   |              |                 |                      |                  |                 | <u>\$4,499,442</u>           |
| <b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>                   |              |                 |                      |                  |                 | <u>\$4,499,442</u>           |
| <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>       |              |                 |                      |                  |                 |                              |
| HOPWA (Housing for People with AIDS)                          | 14.241       | IDH080004       | 2                    | 9/1/08-8/31/09   | 19,770          | \$212                        |
| HOPWA (Housing for People with AIDS)                          | 14.241       | HOPWA 09-04     | 2                    | 9/1/09-8/31/10   | 27,098          | 21,017                       |
| Total CFDA 14.241   |              |                 |                      |                  |                 | <u>\$21,229</u>              |
| <b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b> |              |                 |                      |                  |                 | <u>\$21,229</u>              |
| <b>U.S. DEPARTMENT OF TRANSPORTATION</b>                      |              |                 |                      |                  |                 |                              |
| Car Seats   | 20.205       | OTHS SSB0832    | 4                    | 2/1/09-9/30/09   | 6,025           | \$3,550                      |
| Car Seats   | 20.205       | none            | 4                    | 1/5/10-9/30/10   | 6,700           | 1,192                        |
| Total CFDA 20.205   |              |                 |                      |                  |                 | <u>\$4,742</u>               |
| <b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>                |              |                 |                      |                  |                 | <u>\$4,742</u>               |
| <b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>                   |              |                 |                      |                  |                 |                              |
| Public Drinking Water   | 66.432       | S319            | 3                    | 7/1/09-6/30/11   | 72,112          | \$67,340                     |
| Total CFDA 66.432   |              |                 |                      |                  |                 | <u>\$67,340</u>              |
| <b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>             |              |                 |                      |                  |                 | <u>\$67,340</u>              |
| <b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>         |              |                 |                      |                  |                 |                              |
| Medical Reserve Corps   | 93.008       | MRC 07419       | 6                    | 5/2/07-7/31/07   | 10,000          | \$2,553                      |
| Medical Reserve Corps   | 93.008       | MRC 08 0074     | 6                    | 12/17/07-7/31/08 | 5,000           | 5,000                        |
| Medical Reserve Corps   | 93.008       | MRC 090074      | 6                    | 1/1/09-7/31/09   | 5,000           | 5,000                        |
| Medical Reserve Corps   | 93.008       | MRC 10 74       | 6                    | 1/22/10-7/31/10  | 5,000           | 2,786                        |
| Total CFDA 93.008   |              |                 |                      |                  |                 | <u>\$15,339</u>              |
| Project Life  | 93.048       | HC640600        | 1                    | 6/1/09-5/31/10   | 73,800          | \$73,270                     |
| Total CFDA 93.048   |              |                 |                      |                  |                 | <u>\$73,270</u>              |
| Bioterrorism Epidemiology                                     | 93.069       | HC615900        | 1                    | 8/10/08-8/9/09   | 129,600         | \$5,363                      |
| Bioterrorism Epidemiology                                     | 93.069       | HC649000        | 1                    | 8/10/09-8/9/10   | 128,396         | 117,696                      |
| Bioterrorism - Health Pre-preparedness                        | 93.069       | HC613000        | 1                    | 8/10/08-8/9/09   | 297,982         | 30,846                       |
| Bioterrorism - Health Pre-preparedness                        | 93.069       | HC651200        | 1                    | 8/10/09-8/9/10   | 285,421         | 242,748                      |
| H1N1 -EPI   | 93.069       | HC664800        | 1                    | 9/18/09-7/30/10  | 22,850          | 13,222                       |
| H1N1 I, II, and III   | 93.069       | HC660800        | 1                    | 9/15/09-7/30/10  | 812,224         | 566,616                      |
| Total CFDA 93.069   |              |                 |                      |                  |                 | <u>\$976,491</u>             |
| Tuberculosis - Direct Observed Therapy                        | 93.116       | HC632000        | 1                    | 1/1/09-12/31/09  | 8,711           | \$4,361                      |
| Tuberculosis - Direct Observed Therapy                        | 93.116       | HC675400        | 1                    | 1/1/10-12/31/10  | 7,864           | 3,930                        |
| Total CFDA 93.116   |              |                 |                      |                  |                 | <u>\$8,291</u>               |
| Family Planning - Title X                                     | 93.217       | HC646400        | 1                    | 7/1/09-6/30/10   | 116,543         | \$116,543                    |
| Value of Contraceptives Provided                              | 93.217       |                 | 1                    | 7/1/09-6/30/10   | N/A             | 78,608                       |
| Total CFDA 93.217   |              |                 |                      |                  |                 | <u>\$195,151</u>             |

The accompanying notes are an integral part of this financial schedule.

STATE OF IDAHO  
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| Federal Grantor / Program Title   | Federal CFDA | Contract Number | Pass-Through Entity* | Contract Period | Contract Amount | Federal Expenditures FY 2010 |
|-----------------------------------|--------------|-----------------|----------------------|-----------------|-----------------|------------------------------|
| Abstinence                        | 93.235       | HC666500        | 1                    | 7/1/09-6/30/10  | \$15,000        | \$15,000                     |
| Total CFDA 93.235                 |              |                 |                      |                 |                 | \$15,000                     |
| Perinatal Hep B                   | 93.268       | HC638800        | 1                    | 4/1/09-12/31-09 | 1,000           | \$0                          |
| Perinatal Hep B                   | 93.268       | HC676000        | 1                    | 1/1/10-12/31/10 | 1,088           | 746                          |
| Total CFDA 93.068                 |              |                 |                      |                 |                 | \$746                        |
| Asthma                            | 93.283       | HC584000        | 1                    | 9/1/07-8/31/09  | 28,000          | \$440                        |
| Comprehensive/Skin Cancer Control | 93.283       | HC604400        | 1                    | 7/1/08-6/30/10  | 47,250          | 23,625                       |
| NEDSS                             | 93.283       | HC638100        | 1                    | 4/1/09-12/31/09 | 13,092          | 13,092                       |
| NEDSS                             | 93.283       | HC673800        | 1                    | 1/1/10-12/31/10 | 12,845          | 6,360                        |
| Women's Health Check              | 93.283       | HC644900        | 1                    | 6/30/09-6/29/10 | 56,931          | 56,454                       |
| Tobacco Prevention                | 93.283       | HC635800        | 1                    | 3/30/09-3/29/11 | 67,538          | 33,769                       |
| Total CFDA 93.283                 |              |                 |                      |                 |                 | \$133,739                    |
| Child Care                        | 93.575       | WC056300        | 1                    | 7/1/06-3/31/10  | 528,136         | \$50,894                     |
| Child Care                        | 93.575       | WC065400        | 1                    | 4/1/10-6/30/11  | 15,625          | 15,223                       |
| Total CFDA 93.575                 |              |                 |                      |                 |                 | \$66,117                     |
| Smoke Free Parks                  | 93.723       | HC635800        | 1                    | 3/30/09-3/29/11 | 9,500           | \$937                        |
| Total CFDA 93.723                 |              |                 |                      |                 |                 | \$937                        |
| Child Find                        | 93.778       | 6C065000        | 1                    | 8/15/06-6/30/10 | 159,300         | \$17,449                     |
| Total CFDA 93.778                 |              |                 |                      |                 |                 | \$17,449                     |
| ASPR VII                          | 93.889       | HC613600        | 1                    | 8/9/08-8/8/09   | 89,614          | \$9,558                      |
| ASPR VIII                         | 93.889       | HC650200        | 1                    | 8/9/09-6/30/10  | 266,566         | 236,337                      |
| ASPR VII Medical Reserve Corp     | 93.889       | HC613600        | 1                    | 8/9/08-8/8/09   | 13,200          | 10,224                       |
| ASPR VII - Hospital Surge         | 93.889       | HC613600        | 1                    | 8/9/08-8/8/09   | 202,304         | 147,237                      |
| H1N1 ASPR                         | 93.889       | HC661400        | 1                    | 8/9/09-6/30/10  | 49,727          | 49,717                       |
| Total CFDA 93.889                 |              |                 |                      |                 |                 | \$453,073                    |
| Ryan White II - HIV Care          | 93.917       | HC646700        | 1                    | 7/1/09-3/31/10  | 33,230          | \$27,291                     |
| Ryan White II -                   | 93.917       | HC680300        | 1                    | 4/1/10-3/31/11  | 26,500          | 9,160                        |
| Total CFDA 93.917                 |              |                 |                      |                 |                 | \$36,450                     |
| HIV Prevention (STD Contract)     | 93.940       | HC634100        | 1                    | 1/1/09-12/31/09 | 30,490          | \$14,162                     |
| HIV Prevention (STD Contract)     | 93.940       | HC676900        | 1                    | 1/1/10-12/31/10 | 34,821          | 16,759                       |
| HIV Prevention                    | 93.940       | HC533600 A#3    | 1                    | 1/1/09-12/31/09 | 24,953          | 13,236                       |
| Total CFDA 93.940                 |              |                 |                      |                 |                 | \$44,157                     |
| HIV Surveillance                  | 93.944       | HC631200        | 1                    | 1/1/09-12/31/09 | 3,500           | \$1,760                      |
| HIV Surveillance                  | 93.944       | HC674500        | 1                    | 1/1/10-12/31/10 | 3,500           | 1,401                        |
| Total CFDA 93.944                 |              |                 |                      |                 |                 | \$3,161                      |
| Sexually Transmitted Disease      | 93.977       | HC634100        | 1                    | 1/1/09-12/31/09 | 18,445          | \$9,483                      |
| Sexually Transmitted Disease      | 93.977       | HC676900        | 1                    | 1/1/10-12/31/10 | 19,587          | 10,001                       |
| Total CFDA 93.977                 |              |                 |                      |                 |                 | \$19,485                     |

The accompanying notes are an integral part of this financial schedule.

STATE OF IDAHO  
 SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| Federal Grantor / Program Title                           | Federal CFDA | Contract Number | Pass-Through Entity* | Contract Period | Contract Amount | Federal Expenditures FY 2010 |
|---|--------------|-----------------|----------------------|-----------------|-----------------|------------------------------|
| Diabetes  | 93.988       | HC637000        | 1                    | 3/30/09-3/29/10 | \$18,650        | \$14,489                     |
| Diabetes  | 93.988       | HC637000        | 1                    | 4/1/10-3/31/11  | 21,000          | 5,250                        |
| Total CFDA 93.988   |              |                 |                      |                 |                 | <u>\$19,739</u>              |
| Fit and Fall Proof  | 93.991       | HC623000        | 1                    | 10/1/08-9/30/09 | 36,000          | \$4,512                      |
| Fit and Fall Proof  | 93.991       | HC623000        | 1                    | 10/1/09-9/30/10 | 39,000          | 35,100                       |
| Total CFDA 93.991   |              |                 |                      |                 |                 | <u>\$39,612</u>              |
| Epidemiology - MCH  | 93.994       | HC623900        | 1                    | 10/1/08-9/30/09 | 24,521          | \$5,125                      |
| EPI Enhancement   | 93.994       | HC660000        | 1                    | 10/1/09-9/30/10 | 24,077          | 18,499                       |
| Family Planning - Title V                                 | 93.994       | HC628200        | 1                    | 10/1/08-9/30/09 | 68,517          | 20,907                       |
| Family Planning - Title V                                 | 93.994       | HC665800        | 1                    | 10/1/09-9/30/10 | 68,997          | 63,825                       |
| Oral Health   | 93.994       | HC642900        | 1                    | 7/1/09-6/30/10  | 31,021          | 31,021                       |
| Total CFDA 93.994   |              |                 |                      |                 |                 | <u>\$139,377</u>             |
| <b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b> |              |                 |                      |                 |                 | <u><u>\$2,257,583</u></u>    |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>               |              |                 |                      |                 |                 | <u><u>\$6,850,337</u></u>    |

\* Legend:

- 1 = Idaho Department of Health and Welfare
- 2 = Idaho Housing and Finance Association
- 3 = Idaho Department of Environmental Quality
- 4 = American Academy of Pediatrics
- 6 = National Association of County and City Health Officials (NACCHO)

The accompanying notes are an integral part of this financial schedule.

# NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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## **NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

The CFDA refers to the *Catalog of Federal Domestic Assistance*, which is a government-wide list of individual federal programs. Federal award programs for which a number could not be determined, are identified with the first two digits that identify the federal grantor department, followed by ".999."

## **NOTE 2 – WIC FOOD VOUCHERS**

The District determines eligibility for the Women, Infants and Children (WIC) program. Within the WIC program, the District distributes food checks to clients and controls unissued food checks. The Idaho Department of Health and Welfare issues and redeems food checks, controls the food checks issued, and reviews program compliance. The value of the food checks redeemed through the Idaho Department of Health and Welfare during fiscal year 2010 was \$3,434,843.

## **NOTE 3 – VALUE OF CONTRACEPTIVES**

The District provides contraceptives on a sliding fee scale to eligible clients of the federally funded Reproductive Health Clinic. The Idaho Department of Health and Welfare purchases the contraceptives and supplies them to the District as needed. The value of the contraceptives supplied by the State Health and Welfare Department during fiscal year 2010 was \$78,608.

# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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## SECTION I. SUMMARY OF AUDITOR'S RESULTS

### Basic Financial Statements

1. The independent auditor's report on the basic financial statements expressed an unqualified opinion.
2. The audit of the basic financial statements did not disclose a significant deficiency that was considered a material weakness.
3. The audit did not disclose any instances of noncompliance considered material to the basic financial statements.

### Federal Awards

4. The audit did not disclose any significant deficiencies in internal control over major programs.
5. The independent auditor's report on compliance for major programs expressed an unqualified opinion for all major programs.
6. The audit did not disclose any findings that must be reported in accordance with criteria in Section 510a of OMB *Circular A-133*.
7. Major programs are listed below:

| <u>Program Title</u>                 | <u>CFDA Number</u> |
|--------------------------------------|--------------------|
| WIC                                  | 10.557             |
| Public Health Emergency Preparedness | 93.069             |
| Hospital Preparedness                | 93.889             |

8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. Southeastern District Health Department (VI) did qualify as a low-risk auditee as defined by OMB *Circular A-133*.

## SECTION II. FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

NONE

## SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

# AGENCY RESPONSE

---



March 15, 2011

Mr. Don H. Berg  
Legislative Audits Division  
Statehouse  
PO Box 83720  
Boise, Idaho 83720-0054

Dear Mr. Berg:

I have received and reviewed the audit report for the Southeastern District Health Department for FY 2010. I am in agreement with the report as it stands. The report indicates there are no findings or recommendations, and as such; no corrective action is required on the District's part. I am aware, however, that an on-going review of our processes and procedures is essential, to ensure the continuation of good audit results in the future. The Health District operates in a changing environment, as issues we face daily become increasingly complex. This requires vigilance on the District's part to review its internal controls on a regular basis; ensuring they are changed and/or strengthened as appropriate. I am committed to this process.

I thank you and your staff for the work done. I appreciate the time and effort staff has taken to provide me with this valuable feedback.

Respectfully,

Edward A. Marugg, R.E.H.S.  
Director

# APPENDIX

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## HISTORY

The following is a chronological history of the basic health care services that the State has provided to the public.

- 1907 – The State Board of Health and counties that had local boards of health were statutorily authorized joint responsibility for public health.
- 1947 – A public health district law was enacted that permitted two or more counties to establish a public health district. Participation in the forming of the health districts was voluntary.
- 1970 – The legislature established a law that created seven mandatory public health districts. In the Southeastern District Health Department (VI), the counties designated were Bannock, Bear Lake, Bingham, Butte, Caribou, Franklin, Oneida, and Power. The director of the State Department of Health and Welfare was designated fiscal officer for the various districts.
- 1976 – Legislative intent was expressed that the health districts are not State agencies, and that they be recognized as authorized governmental entities.
- 1986 – Idaho Code was amended to allow district health departments to promulgate rules and regulations without the State Board of Health's approval.
- 1993 – The legislature clarified the need for district health departments to use the Idaho Administrative Procedures Act for fees and rules.
- 2004 - The Rules of the Division of Human Resources and Idaho Personnel Commission include public health districts.
- 2007 – Legislation changing Idaho Code, Section 39-412 to reflect a change in the compensation of Board members, to reference Idaho Code, Section 59-509(I).
- 2007 – Legislation changing Idaho Code, Section 39-411 composition of Districts' Boards of Health to allow those Districts comprised of eight counties to consist of not less than eight members and no more than nine members.
- 2008 – Legislation changing Idaho Code, Section 39-414 to change the language "For purposes of this chapter, a Public Health District is not a subdivision of the state and is considered an independent body corporate and politic, in terms of negotiating long term debt financing."

## PURPOSE

The purpose of the Southeastern District Health Department (VI) is to prevent disease, disability, and premature death; promote healthy lifestyles; and protect and promote the health and quality of an environment in which people can be healthy.

## STATUTORY AUTHORITY

The statutory authority for the District is found in Idaho Code, Title 39, Chapter 4.

## ORGANIZATION

The District is supervised by an eight-member board appointed by the county commissioners of the counties served. Idaho Code, Section 39-412 allows for one physician member of the board as well, but the District does not have a physician board member. Board members serve staggered five-year terms, and are reimbursed \$75 per working day plus all necessary travel expenses. The board appoints a director to administer and manage day-to-day activities of the District.

The District is organized into four major sections:

1. Administration – Provides support to the District's other sections (budget, accounting, payroll, personnel, IT support, and government services).
2. Family and Community Health – Provides services related to WIC (Women, Infants, and Children's nutrition program), child health services, school health, family planning, immunizations, tuberculosis control services, sexually transmitted diseases, breast and cervical cancer screening, infant and toddler developmental screening, prenatal education, and HIV case management services.
3. Environmental Health – Provides services related to drinking water protection, food inspections, septic system inspections, solid waste sites, public swimming pools, and child care facility inspections. This section also investigates disease occurrences and public health nuisances.
4. Health Promotion – Provides health education and promotion to the public related to dental care, diabetes, abstinence, tobacco control, injury prevention, public health preparedness, and epidemiology. This section also supports the other sections' health promotion needs and general public awareness of public health issues.

The District has a central office in Pocatello and seven satellite offices in American Falls, Arco, Blackfoot, Malad, Montpelier, Preston, and Soda Springs. An organizational chart is included with this report.

#### **STAFFING**

At the end of fiscal year 2010, the District had 99 employees. Of these, 25 were supervised in Administration, 50 in Family and Community Health, 10 in Environmental Health, and 14 in Health Promotion.

#### **FUNDING**

Financing for the District comes from county contributions; General Fund appropriations; Tobacco Millennium Fund appropriations; federal, State, and private contracts; fees and donations; and charges relating to use of services, equipment, and supplies. The amount included in the District's General Fund appropriation request is determined by Idaho Code, Section 39-425. The legislature sets the District's General Fund appropriation, which can be more or less than the amount requested.

The District receives funds from contracts with the Idaho Department of Health and Welfare, cities and other governmental agencies, clients who receive public health services (e.g. client fees, donations, client insurance, Medicaid, and Medicare), and fees for environmental inspections and licenses.

# SOUTHEASTERN DISTRICT HEALTH DEPARTMENT

Organization Chart, as of June 30, 2010

